

## Message Text

CONFIDENTIAL

PAGE 01 BONN 16697 121806Z  
ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 /126 W

-----092146 121807Z /64

P R 121758Z SEP 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC PRIORITY 1797  
INFO USMISSION GENEVA  
EC COLLECTIVE

C O N F I D E N T I A L BONN 16697

USMTN, BRUSSELS ALSO FOR USEEC

E. O. 11652: GDS  
TAGS: ETRD, EEC, GW  
SUBJECT: MTN:SUBSIDIES/CVD

REF: STATE 221830

1. SUMMARY. EMBOFF HAS DISCUSSED WITH ECONMIN SOURCE  
CURRENT STATUS OF 113 COMMITTEE DISCUSSIONS ON SUBSIDIES  
COUNTERVAILING DUTIES ISSUE. AT THE 113 DEPUTIES MEET-  
ING SEPTEMBER 1 THE STRAUSS LETTER TO DENMAN, ET AL. AND  
INFORMATION CONTAINED STATE 221830 (WHICH BONN DID NOT  
RECEIVE) WERE CIRCULATED. SOURCE DESCRIBED THE  
DISCUSSION AS "VERY HEATED", AND SUMMARIZED THE  
FEELINGS BY SAYING THAT THERE IS TALK OF A TRADE WAR  
BEGINNING JANUARY 4 AND THAT MOST MEMBERS FEEL IT WOULD  
BE DIFFICULT IF NOT IMPOSSIBLE TO NEGOTIATE UNDER  
THREAT. END SUMMARY

2. SOURCE BEGAN BY QUOTING STRAUSS LETTER TO THE EFFECT  
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THAT IF THE EC MADE SOME PROGRESS ON THE SUBSIDIES/  
COUNTERVAILING CODE BY MID-SEPTEMBER, THEN AN EXTENSION  
OF THE COUNTERVAILING DUTY WAIVER MIGHT BE POSSIBLE. HE  
STATED THAT, EVEN THOUGH THE 113 DEPUTIES MET LAST  
FRIDAY AND WILL MEET AGAIN SEPT. 8 WITH A REVISED  
AGENDA TO MAKE THIS ISSUE THE MAJOR TOPIC, THERE IS NO  
CHANCE OF AN IMMEDIATE RESOLUTION.

3. THE COMMISSION IS TAKING THE LINE THAT THE MEMBER STATES WILL HAVE TO MAKE CONCESSIONS IN THE END AND THEREFORE SHOULD TAKE SOME STEPS NOW. SOURCE STATES THE BIGGEST STUMBLING BLOCK IS THAT THE EC HAS NO GUARANTEE THAT THE U.S. CONGRESS WILL INCORPORATE AN INJURY TEST. HE CITED THE BERGSTEN TESTIMONY OF JULY 26 DESCRIBING THE TWO TRACK SYSTEM AND SAID THAT THE EC COULD NOT ACCEPT ANY CONCEPT WHICH DOES NOT REQUIRE AN INJURY TEST.

4. AS A POSSIBLE SOLUTION TO THE PROBLEM, SOURCE BELIEVES THAT THE EC MIGHT ACCEPT AN ILLUSTRATIVE LIST OF INTERNAL SUBSIDIES WHICH BENEFIT EXPORTS AND WOULD UPDATE THE 1960 LIST, IF IT WERE AGREED THAT THE LISTS WILL NOT COME INTO EFFECT UNTIL CONGRESS HAS LEGISLATED AN INJURY TEST.

5. WHILE THIS SUGGESTED CONDITIONAL CONCESSION APPROACH MIGHT WORK IN AN OVERALL MTN AGREEMENT, SOURCE SEES ISSUE OVERRIDDEN IN THE SHORT TERM BY THE PROBLEMS ARISING FROM THE LACK OF A COUNTERVAILING DUTY WAIVER EXTENSION. THE LACK OF AN EXTENSION IS PERCEIVED BY MANY AS A THREAT WHICH WILL LEAD THE EC TO REFUSE TO NEGOTIATE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUBSIDIES, NEGOTIATIONS, COUNTERVAILING DUTIES, REGIONAL ORGANIZATIONS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BONN16697  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780370-1107  
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**Message ID:** d3d9df51-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 221830  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
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**TAGS:** ETRD, GE, EEC  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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